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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Amendments to Uniform System of) CC Docket No. 97-212
Accounts for Interconnection)
)

To: The Commission

COMMENTS OF COX COMMUNICATIONS, INC.

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Amendments to Uniform System of
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CC Docket No. 97-212

COMMENTS OF COX COMMUNICATIONS, INC.

Cox Communications, Inc. ("Cox"), by its attorneys, hereby submits these comments in response to the Commission's *Notice* in the above-referenced proceeding.^{1/} As shown below, the Commission should adopt new accounts in this proceeding that reflect the distinct functionalities required by the 1996 Act.

I. INTRODUCTION

Cox is one of the largest cable television operators in the country. Over 80 percent of its customer base is located in nine large clusters of systems operating in ten states. Cox is committed to providing facilities-based competitive local exchange services throughout the areas served by these clusters and, in fact, Cox affiliates have been certificated to provide local exchange services in nine of those states.^{2/} As part of its effort to enter the local

^{1/} See Amendments to Uniform System of Accounts for Interconnection, *Notice of Proposed Rulemaking*, CC Docket No. 97-212, FCC 97-355 (released October 7, 1997) (the "*Notice*").

^{2/} Cox subsidiaries have launched competitive residential and business telecommunications services in Orange County, California. Cox is planning service roll-outs
(continued...)

exchange market, Cox has negotiated or arbitrated interconnection agreements with incumbent LECs ("ILECs") in many of these markets and will complete the process of obtaining agreements with all incumbents as soon as possible. Cox is therefore a current and prospective user of some of the functionalities provided by ILECs that are the subject of this proceeding.

Cox recommends that the Commission adopt uniform accounting records that reflect the nature of the functionalities provided by ILECs and the regulatory structure that governs them. This approach will enable interested third parties, including regulators, competitors and consumers, to monitor ILEC progress toward opening their local exchanges to meaningful competition. In particular, the Commission should require that the Uniform System of Accounts ("USOA") include accounts for revenues and expenses associated with interconnection separately, access to unbundled network elements ("UNEs") separately, transport separately and termination separately.^{3/} Requiring this more detailed information would support the Commission's goals in this proceeding by ensuring access to data necessary to monitor the development of local competition and ILEC compliance with the requirements of the 1996 Act.^{4/}

2/ (...continued)
in other markets as well.

3/ For purposes of these comments, the term "interconnection" has the same meaning as in Section 251(c)(2); the term "network elements" has the same meaning as in Section 251(c)(3); and the terms "transport" and "termination" have the same meaning as in Section 251(b)(5). 47 U.S.C. § 251(b)(5), (c)(2), (c)(3).

4/ The Commission's USOA reforms are designed to: (1) facilitate uniform
(continued...)

II. COX SUPPORTS THE COMMISSION'S CONCLUSION THAT IT SHOULD ADOPT NEW ACCOUNTS FOR ILEC FUNCTIONALITIES REQUIRED BY THE 1996 ACT

It is appropriate that the USOA be modified by the Commission to reflect changes in the underlying regulatory structure governing ILECs. Among other things, the 1996 Act required ILECs to provide to requesting carriers the separate functionalities of interconnection; access to unbundled elements; transport; and termination of competitors' traffic. These functionalities were, in many cases, not part of the previous regulatory environment.

As the FCC recognizes, the current USOA does not properly account for these new functionalities. As shown in more detail below, this omission impedes the ability of interested third parties, including federal and state regulators, competitors and consumers, to track the development of competition and to police the reasonableness of ILEC charges for the functionalities required by the 1996 Act.

4/ (...continued)

reporting among ILECs with respect to interconnection and infrastructure sharing arrangements; (2) enable the Commission to monitor and assess the economic impact of the development of local exchange and exchange access competition and the deployment of advanced telecommunications capabilities; (3) ensure that regulated ratepayers do not bear the costs of ILECs' anticompetitive activities; and (4) assist Commission decisionmaking concerning ILEC petition for forbearance from regulation pursuant to section 10 of the Act by making information concerning ILEC performance related to the services accessible and verifiable. *See Notice* at ¶ 6.

III. THE COMMISSION SHOULD MODIFY ITS PROPOSED ACCOUNTS TO MORE ACCURATELY REFLECT THE KEY COMPETITIVE REQUIREMENTS OF SECTION 251

A. Interconnection Should Not Be in the Same Category as Unbundled Elements

The Commission proposes creation of a new account, Account 5071, to record all revenues received by an ILEC from CLECs, IXC's and any other carriers "for providing interconnection and access to unbundled network elements pursuant to Section 251(c)(2) and 252(c)(3)."^{5/} The Commission also proposes a parallel expense account, Account 6551.^{6/} While, as noted above, it is entirely appropriate to create new accounts to enable interested third parties to track the effects of the 1996 Act, the Commission's proposal does not recognize that interconnection and access to unbundled network elements are separate functionalities that are provided and used differently by different competitors. Cox and other facilities-based new entrants may need to combine few or no UNEs with their own facilities to provide competitive services and principally will require only interconnection so that they may exchange traffic. Without disaggregation between UNEs and interconnection services, the ability of interested third parties to monitor the qualitative development of local competition will be frustrated because the data will not permit those parties to analyze and compare the usage, growth and costs of the functionalities used by facilities-based providers separately from the functionalities used by providers that depend on UNEs.

^{5/} See Notice at ¶ 8.

^{6/} *Id.*

The 1996 Act recognized the distinction between interconnection and access to UNEs by making separate provisions for them. If interested third parties are to understand how the provisions of the 1996 Act are functioning in the marketplace, the USOA also should make separate accounting provisions for these distinct functionalities. Section 251(c)(2) establishes an ILEC's interconnection obligations while a separate section, Section 251(c)(3), establishes an ILEC's obligation to provide for access to UNEs.^{7/} The *First Report and Order* in the Local Competition proceeding likewise recognizes the distinction between interconnection and access to UNEs.^{8/} Thus, to reflect the distinctions in the statute and the rules and to permit analysis of these distinct functionalities, Cox proposes the creation of two separated USOA accounts, 5070 and 5071, and parallel expense accounts, 6550 and 6551, to capture revenues and expenses associated with interconnection in one account pair and access to unbundled network elements in another account pair.

B. Reciprocal Transport and Termination Should Be in Separate Accounts

The Commission has proposed to establish a unified pair of revenue and expense accounts "to record all revenues received by ILECs for providing transport and termination of traffic subject to section 251(b)(5)."^{9/} However, like interconnection and UNEs, transport and termination comprise different functionalities that should be separated into

^{7/} See 47 U.S.C. § 251(c)(2)-(c)(3).

^{8/} See generally *First Report and Order*, ¶ 172 (discussing interconnection) and ¶ 265 (discussing access to unbundled network elements).

^{9/} See *Notice* at ¶ 11.

distinct USOA accounts. The 1996 Act reflects that they are different functionalities by referring to both of them rather than adopting a single term to include both functionalities.^{10/} The Commission's rules describe transport and termination as distinct functions and also defines them separately. "Transport" is the transmission of terminating traffic from the interconnection point to a terminating carrier's end office switch, or equivalent facility, that directly serves the called party.^{11/} "Termination" is the switching of traffic at the terminating carrier's end office switch, or equivalent facility, and delivery of that traffic from that switch to the called party's premises.^{12/} CLECs are likely to use these functionalities differently and some facilities-based CLECs may choose to provide transport via their own facilities, thereby avoiding use of ILEC transport services entirely. Typically, CLECs and ILECs negotiate separate transport and termination terms of interconnection.^{13/} Aggregating the revenues and expenses of both functionalities would obscure ILEC expenditures and revenues for each function and would not provide interested third parties with an accurate revenue or expense description of either function. For these reasons, Cox proposes the creation of two separated USOA Accounts, 5072 and 5073, with parallel expense accounts 6552 and 6553, for the

^{10/} 47 U.S.C. § 251(b)(5) provides that local exchange carriers have a "duty to establish reciprocal compensation arrangements for the *transport* and *termination* of telecommunications." (emphasis added).

^{11/} 47 C.F.R. 51.701(c) (defining transport).

^{12/} 47 C.F.R. 51.701(d) (defining termination).

^{13/} For example, in Cox's interconnection agreement with Pacific Bell, the parties have separately provided for call termination for several different traffic patterns. *See* Exhibit A. (Section IV, Local Interconnection Trunk Arrangement, Subsection B, Compensation for Call Termination, Page 14.)

recording of revenues associated with the transport functionality in one account pair, and the termination of local traffic in the other account pair.

C. Unless These Accounts Are Disaggregated, It Will Be Difficult to Track Compliance with the 1996 Act

For interested third parties to track compliance with ILECs' obligations under the Act, they must obtain data in useful forms. Aggregating interconnection with access to UNEs and aggregating transport and termination would frustrate quantitative analysis of any one element or functionality. For example, state commission arbitration of transport rates or review of transport structures would be difficult, if not impossible, without disaggregated USOA reporting of revenues and expenses for transport services.

The rules the Commission adopts in this proceeding will be extremely important to state commission review of ILEC interconnection activities. Without accurate USOA accounting for interconnection, interested third parties will be unable to analyze ILEC compliance with interconnection agreements and arbitration.^{14/} Further, disaggregated data in USOA accounts will be a useful tool for regulators responding to BOC Section 271 applications to provide in-region interLATA services or monitoring ILEC efforts to invest in workable operations support systems.

^{14/} For example, the Georgia Public Service Commission has initiated a proceeding to gather information describing BellSouth's interconnection agreements and to monitor performance standards. This proceeding could be aided by appropriately disaggregated ARMIS revenue and expense data. See *In the Matter of Performance Measurement for Telecommunications Interconnection, Unbundling and Resale, Procedural and Scheduling Order*, Docket No. 7892 (released October 11, 1997).

D. Subaccounts Are Not a Better Alternative

Throughout the *Notice*, the FCC has proposed using subaccounts or subsidiary record categories to separately identify and record revenues and costs.^{15/} As shown below, the Commission should not adopt sub-accounting as a substitute for full, disaggregated USOA reporting as to transport, termination, interconnection and UNEs.

It is likely that ILECs will object that the more refined accounts proposed in these comments will add to their regulatory burdens. However, compared with subaccounts, full accounting will not increase the record-keeping burdens on ILECs. If subaccounts are used, ILECs still will be required to identify equivalent information to report revenues into USOA accounts. In other words, there is no meaningful difference in the recordkeeping burden between full accounts and subaccounts for the interconnection and UNE functionalities and for the transport and termination functionalities.

There are, however, significant benefits to full accounting, including achieving the Commission's stated goal of using USOA accounts to reflect an accurate "functional and technological view of the telecommunications industry."^{16/} The principal benefit is transparency, that is, the ability of state and federal regulators, competitors and consumers to observe and monitor the relative use of the different functionalities by different ILECs. Subaccounts would obscure that transparency. Because ILECs are not under an obligation to produce documentary material regarding subaccounts, subaccounts would not provide the

^{15/} See *Notice* at ¶ 11, 17.

^{16/} See *Notice* at ¶ 4.

same level of detail to regulators, competitors and consumers as would specification of regular USOA accounts. Thus, adopting only a subsidiary recordkeeping obligation would be inconsistent with the Commission's goal of making ILEC performance related to interconnection services "accessible and verifiable" not only to the FCC but to state commissions and the public.^{17/}

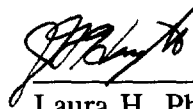
IV. CONCLUSION

The Commission should segregate interconnection revenues and expenses from revenues associated with access to UNEs in the USOA. The Commission also should establish separate USOA accounts for the transport and for termination of local exchange traffic. This disaggregation of revenues and expenses will aid the Commission and interested parties in gathering useful data to describe the state of local competition without unduly burdening incumbent LECs subject to USOA.

^{17/} Notice at ¶ 6.

For all these reasons, Cox respectfully requests that the Commission adopt rules in this proceeding in accordance with these comments.

Respectfully submitted,
COX COMMUNICATIONS, INC.



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December 10, 1997

CERTIFICATE OF SERVICE

I, Vicki Lynne Lyttle, a secretary at Dow, Lohnes & Albertson, PLLC, do hereby certify that on this 10th day of December, 1997, I had the foregoing Comments of Cox Communications, Inc., sent via hand delivery to the following:

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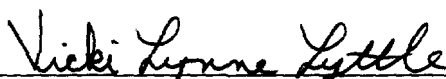

Vicki Lynne Lyttle

EXHIBIT A

Cox California Telcom, Inc.
and
Pacific Bell's
Local Interconnection Agreement

Section IV, Local Interconnection Trunk Arrangement
Subsection B, Compensation for Call Termination

**COX CALIFORNIA TELCOM, INC.
AND
PACIFIC BELL'S
LOCAL INTERCONNECTION AGREEMENT**

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July 25, 1996

10. Where Cox delivers over the Local Interconnection Trunk group miscellaneous calls (i.e., time, weather, NPA-555, Busy Line Verify/Interrupt, California 900, Mass Calling Codes) destined for Pacific, it shall deliver such traffic in accordance with the serving arrangements defined in the LERG.
11. N11 codes (i.e., 411, 611, 911) shall not be sent between Cox's and Pacific's network over the Local Interconnection Trunk Groups.
12. There are certain types of calls that require exchange of billing records between the Parties. These types of calls include: Toll Free Service calls, 900 and 976 calls, Feature Group B and D Switched Access calls to and from IXCs, and intrastate alternate billed calls (e.g., calling card, bill-to-third, and collect). The Parties will negotiate and execute a separate agreement within 30 days from the effective date of this Agreement for the settlement of the revenues associated with these calls.

B. Compensation for Call Termination:

1. Except as modified elsewhere in this Section, the following compensation rates shall apply for traffic carried by Cox to Pacific:
 - a. **Bill and Keep:** Applicable to all local (Zone Usage Measurement ("ZUM") Zone 1 and ZUM Zone 2), Extended Area Service and ZUM Zone 3 traffic, as defined by the CPUC.
 - b. **Toll Rate:** Applicable to intraLATA toll calls based on intrastate Switched Access rates as described below:
 - Tandem switched transport as listed in Pacific's Schedule Cal. P.U.C. 175-T, Section 6.8.2(C):
 - Fixed per minute of use (currently \$0.000286).
 - Variable per mile per minute of use. Mileage is calculated based on the airline miles between the Vertical and Horizontal ("V&H") coordinates of the POI and the Pacific End Office (currently \$0.000045).
 - Tandem switching per minute of use (currently \$0.001051).
 - Local Switching per minute of use as listed in Schedule Cal. P.U.C. Tariff No. 175-T Section 6.8.3(A) with the following sub-elements:
 - Set-up per call (currently \$0.01438).

- Minutes of Use (currently \$0.003150)

- Network Interconnection Charge - per minute of use as listed in Schedule Cal. P.U.C. Tariff No. 175-T, Section 6.8.2(D) (currently \$0.004745).
- c. Additional Tandem Transport/Switching Charges When the LATA-Wide Terminating Option Is Selected:
- Tandem switched transport as listed in Pacific's Schedule Cal. P.U.C. Tariff No. 175-T at Section 6.8.2(C):
 - Fixed per minute of use (currently \$0.000286)
 - Tandem switching per minute of use (currently \$0.001051).
- d. Transit Rate: Cox shall pay a transit rate of \$.0060 per minute to Pacific when Cox uses a Pacific access tandem to transit a call from another CLC or LEC to a third-party LEC, CLC or another Cox End Office. If Pacific enters into an interconnection agreement with another CLC that provides for a transit rate lower than \$.0060, that transit rate will be substituted for the rate set in this paragraph upon the effective date of that agreement. If Cox receives a call through Pacific's access tandem that originates from another CLC or LEC, Cox will not charge Pacific any rate elements for this call, regardless of whether the call is local or toll. The Parties will establish appropriate billing relationships directly with the other CLC or LEC.

When Cox uses a Pacific access tandem to transit a toll call to a third-party LEC End Office, and that LEC is a member of the California Toll Pool ("Pooling LEC"), Pacific will bill, and Cox will pay, Pacific's local switching and proportionate local transport rates in addition to the transit rate above. Pacific will remit such revenues to the California Toll Pool. When a Pooling LEC originates a toll call that terminates to a Cox NXX, Cox will bill and Pacific will pay, Cox local switching and local transport rates as if the call originated from a Pacific End Office.

2. Except as modified elsewhere in this Section, the following compensation rates shall apply for traffic carried from Pacific to Cox:

- a. Bill and Keep: Applicable to all local (ZUM Zone and ZUM Zone 2), Extended Area Service and ZUM Zone 3 traffic, as defined by the CPUC.
- b. Toll Rate: Applicable to intraLATA toll calls, based on Cox's intrastate Switched Access rates which shall match Pacific's Switched Access rates until Cox files its tariff.

- c. **Transit Rate:** Pacific shall pay a transit rates equal to the rates set in the first two sentences of Paragraph IV.B.1.d when Pacific uses a Cox switch to originate a call to a third-party LEC, another CLC or another Pacific access tandem.
- 3. **For IntraLATA Toll Free Service calls provided by one of the Parties, the compensation set forth in Sections IV.B.1.b, above, shall be paid by the Party terminating the call to the Party originating the call.**
- 4. **Each Party will calculate terminating interconnection minutes of use based on standard Automatic Message Accounting ("AMA") recordings made within each Party's network. These recordings are the basis for each Party to generate bills to the other Party. Either Party may request the exchange of originating EMR records in order to bill the other Party terminating minutes of use. The Parties agree to cooperate in the exchange of the records if so requested, and to negotiate a per-record charge for the exchange of such records, where appropriate.**
- 5. **Measurement of minutes of use over Local Interconnection Trunk groups shall be in actual conversation seconds. The total conversation seconds over each individual Local Interconnection Trunk Group will be totaled for the entire monthly billing cycle and then rounded to the next whole minute.**
- 6. **Each Party will provide to the other, within 15 calendar days of executing this Agreement and thereafter on a calendar-year quarterly basis, within 15 calendar days after the end of each quarter, a usage report with the following information regarding traffic terminated over the Local Interconnection Trunk arrangements:**
 - a. **Total traffic volume described in terms of minutes and messages and by call type (local, toll and other) terminated to each other over the Local Interconnection Trunk Groups, or as required by the CPUC, and**
 - b. **PLU.**
- 7. **Late payment charges for interconnection charges will be assessed as described in Pacific's Schedule Cal. P.U.C. Tariff No. 175-T, Section 2.4.1(B) and Cox's late payment charges, which shall match Pacific's Switched Access rates until Cox files its tariff.**
- 8. **Charges for CCS interconnection will be applied based on the option for CCS interconnection Cox selects, as follows:**
 - a. **If CCS interconnection is from Pacific's STPs to Cox's STPs solely for the purpose of exchanging signaling for each Party's local exchange traffic, then no charges will apply for such SS7 links or ports.**

b. If Cox uses a third-party CCS provider to connect to Pacific's STPs, then charges will apply to such SS7 links, to the third-party, as set forth in Pacific's Schedule Cal. P.U.C. Tariff No. 175-T, Section 6.

c. If Cox connects its end office(s) directly to Pacific's STPs, then Pacific will apply 50% (one half) of the charges set forth in Pacific's Schedule Cal. P.U.C. Tariff No. 175-T, Section 6 for such SS7 links.

If Cox elects to use Local Interconnection signaling arrangement option (a) or (c) above in the future for switched access calls (e.g., PGIB or PGD), the Parties agree to renegotiate the rates, terms and conditions prior to such use. The Parties will cooperate in the exchange of TCAP messages to facilitate full interoperability of CCS-based features and functions, to the extent each carrier offers such features and functions to its own end users. All CCS signaling parameters will be provided including CPN. All privacy indicators will be honored.

C. Compensation for Use of Facilities for Local Interconnection

The following describes the arrangement between the Parties for compensation for facilities established to transport Local Exchange Traffic between the Parties. The Parties agree to the following terms based on consideration of the generally balanced use of the Parties' respective facilities for interconnection. Such consideration is based on relative facility length and capacity provided to each other, determined by the comparison of facility deployment behind the POIs associated with Cox's collocation arrangements and Pacific's network.

1. Where the POI for the Local Interconnection Trunk Group is at a collocation arrangement in the same Pacific Wire Center as the Pacific switch where the Local Interconnection Trunk Group terminates, Pacific will pay a monthly charge for the facility and cross connect equal to one point of termination at DS-1 rates (per DS-1 used for Local Interconnection Trunks) or DS-3 rates (per DS-3 used for Local Interconnection Trunks) according to Cox's tariff, in addition to the Switched Access elements, if any, below. Pacific may, at its option, choose to pay either the applicable tariffed DS-1 rates for those DS-1(s) used for Local Interconnection Trunks in a DS-3 facility, or pay the applicable tariffed DS-3 rate for each DS-3 facility used for Local Interconnection Trunks between the Parties.

2. Where the POI for the Local Interconnection Trunk Group is at a collocation arrangement other than in the same Pacific Wire Center as the Pacific switch where the Local Interconnection Trunk Group terminates, Cox will pay a monthly charge to Pacific for the facility and cross-connect equal to one point of termination at DS-1 rates (per DS-1 used for Local Interconnection Trunks) or DS-3 rates (per DS-3 used for Local Interconnection Trunks) according to Pacific's tariff, in addition to the Switched Access elements, if any, above. Cox may, at its option, choose to pay either the applicable tariffed DS-1 rates for those DS-1(s) used for